Jim Rosenthal

Received & Inspected

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FCC Mail Room

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Subject:	FCC Public Comment/Jim Rosenthal - Subject -- WC Docket No. 13-150 & WC Docket No. 13-149 (Verizon, Voice Link and Fire Island
Attachments:	vz-guggen_6_21_12(1).pdf; 13_vz_ar_proxy.pdf; citi_vz_2013_trans.pdf; vz_jpm_call_9-7-12(1).pdf; Verizon_Kill_Copper(2).pdf; 032112QFRs-Milch.pdf; 20100106_transcript.pdf; vz_f12.pdf; event_965_trans.pdf; goldman_vz_transcript_092012(1).pdf; OPCReplyMemorandumOnAppeal.pdf; 12-353 01-15-2013 Verizon 7022105164(4).pdf; 13-150 07-10-2013 Verizon 7520929605.pdf; 13-150 07-10-2013 Verizon 7520929605.pdf; 13-150 07-10-2013 Verizon 7520929605.pdf

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<u>Subject -- WC Docket No. 13-150 and Comp. Pol. File No. 1115: Section 214 Application, discontinuance of interstate wireline telecommunications services under section 63.71(c) of the</u>

FCC's rules / Applicants: Verizon New Jersey Inc. and Verizon New York Inc. and WC Docket No. 13-149 and Comp. Pol. File No. 1112: Application of Verizon New Jersey Inc. and Verizon New York to Discontinue Telecommunications Services.

(Please see:PUBLIC NOTICE: Comments Invited on Application of Verizon New Jersey Inc. and Verizon New York Inc. to Discontinue Domestic Telecommunications Services
Word | Acrobat | DA No. 13-1475. WC Docket No 13-150. Comp Pol. File No. 1115. & 6/28/2013 PUBLIC NOTICE: Comments Invited on Application of Verizon New Jersey Inc. and Verizon New York Inc. to Discontinue Domestic Telecommunications Services Word | Acrobat | DA No. 13-1474. WC Docket No 13-149. Comp Pol. File No. 1112.

Letter to the FCC Regarding Verizon's Application to Discontinue Interstate Wireline Telecommunications Services on Fire Island

Dear Secretary Dortch, Deputy Director Halley and Members of the FCC Competition Policy Division, Wireline Communications Bureau:

Please include this letter into the Comments on the Application of Verizon-NY to discontinue wireline telecommunications services to Western and Central portions of Fire Island. I am a resident of Fire Island, and hence an Affected Party, so this is not an Ex-Parte Filing Comment

As a resident of Fire Island, and representing the sentiments of tens of thousands of residents and businesses there, I these comments respectfully urging the Federal Communications Commission to deny Verizon's Application to Discontinue Interstate Wireline Telecommunications Services on Fire Island.

We are alarmed at the request Verizon has presented before the Commission, and believe that approving this petition will inflict negative consequences on rural and hard-to-serve communities and consumers including loss of affordable and reliable basic telephone service, which is the only form of communication many remote communities can access; eliminate consumer protections that have made it possible for rural people to access telecommunications services; reverse our commitment to Universal Service; endanger our national public safety; and fuel a divest-from-Rural-trend that will disadvantage our national economy and global competency. We simply cannot allow that to happen.

According to the Federal Communications Commission 8th Broadband Progress Report released last August, fixed broadband networks do not reach 19 million Americans. Of those unserved by fixed broadband networks, 14.5 million live in rural and nearly a third in Tribal lands. (*Eight Broadband Progress Report,* Federal Communications Commission. August 24, 2012.) These statistics demonstrate a digital divide that continues to keep rural and hard-to-serve communities from opportunities in education, health care, economic development, and civic participation. As a result of this persistent divide, rural America – and our nation – is in danger of falling further behind.

In order to close the digital divide, federal and state policies and the entities responsible for drafting and implementing those policies, like the Federal Communications Commission, must support efforts that lower prices, create local jobs, prioritize digital literacy, encourage innovation, increase competition, invest in rural communities, and are accountable to rural and hard-to-serve consumers.

We need broadband policies that reflect the importance of high-speed Internet access as a basic necessity and prioritize the ability of every community to participate in the digital economy. Verizon's petition hurts rural and hard-to-serve consumers, providers, and by extension, endangers the future of our nation as we seek to remain leaders in the global economy.

Verizon's petition is part of a larger effort to change federal and state policies that seek to increase profits at the expense of rural and hard-to-serve communities. Effectively, Verizon's policies divest from rural America by:

• Establishing "Trial runs" in "select wire centers" where consumers will have no ability to opt-out from the trial and risk losing reliable, affordable, and protected telephone service;

• Eliminating regulations that protect consumers from abuse by telecommunications providers;

• Removing the authority of Public Utilities Commissions to protect and defend consumers; and

• Hoarding publicly-funded networks from other providers who do want to serve rural and hard-to-serve communities.

These actions are directly against our nation's commitment to Universal Service and the responsibility of the Federal Communications Commission to ensure that all people have access to telecommunications services. We do not expect Verizon to place the needs of rural and hard-to-serve consumers and providers above its need to maximize profits. We know that Verizon regards rural and hard to serve communities as unprofitable, and thus, undesirable areas of service.

However, while it is not the job of Verizon to look out for the wellbeing of the rural and hard-to-serve telecommunications consumer, it is the responsibility of the Federal Communications Commission as a servant of the public.

Without the Commission's support, the rural and hard-to-serve will be cut off. Granting Verizon's petition, endorses the trend of divestment from rural America.

On June 21, 2013, Acting Director Sean Lev of the Technology Transitions Policy Task Force made the following remarks at a TIA Network Transition Event:

> (W)e must ensure that the transitions preserve and advance the core values reflected in the Communications Act: consumer protection, public safety, universal service, and competition... we are mindful that these developments are disruptive, and there is no guarantee that all of the services consumers and businesses rely on today will continue to be available in the same form, if at all, in the future. Simply put, these developments have important policy implications. For instance, what is the consumer's experience when he or she is transitioned from a wireline to a wireless service? Will a consumer be able to reach a 911 call taker as readily and will the 911 system be as reliable as it has been in the past? Will consumers continue to have access to services that we tend to take for granted today, such as alarm monitoring and, especially for small businesses, credit-card confirmation?
>
> Will a consumer's phone work when the power goes out? How will competition in serving small and mid-size businesses be affected if incumbent carriers are no longer offering TDM-based access services? These are just a few of the policy questions that regulators are facing -- and will face -- over the next several years. As the Task Force looks at these and other policy issues, we are guided by the insight that technological changes do not alter the FCC's core mission or responsibilities. In particular, we are focused on how to protect consumers, promote public safety, ensure universal service, and preserve and enhance competition. These are core values underling the Communications Act, and they are as applicable today as they ever were.

And in a May 10, 2013 blog posting by Sean Lev, General Counsel and Interim Director, Technology Transitions Task Force, he said:

> Communications networks are changing from copper to fiber and from time division multiplexing (TDM) to Internet protocols; wireless voice and data services are increasingly important. These are exciting developments. The ongoing technology transitions hold the promise for tremendous benefits for consumers. Among other things, these new technologies can deliver higher quality service and higher speed broadband to more Americans. IP-based networks also make it easier to deploy feature-rich next-generation 911 systems. At the same time, we must ensure that the transitions preserve and advance the core values reflected in the Communications Act: consumer protection, universal service, competition, and public safety.

These concerns are completely absent from the discussion laid out in Verizon's Ex Parte Comments to the FCC in AT&T and NTCA Petitions on Transition from Legacy Transmission Platforms to Services Based on Internet Protocol, GN Docket No. 12-353; Technology, Transitions Policy Task Force, GN Docket No. 13-5, January 15, 2013; **see attachment 12, above**)

As the Commission knows, rural, low-income, hard-to-serve and Native communities constitute the majority of those left unserved today. Unavailability of service and high prices are two of the top barriers that these communities cite to access wireless, broadband, and basic telephone services. Even basic telephone service is not ubiquitous in our country. In Indian Country, over 31 percent do not have basic phone service.2 And across the states, close to 11 million people depend on the Lifeline program to be able to afford a telephone line.(Universal Service Monitoring Report, CC Docket No. 98--202. Federal Communications Commission. 2010)

The residents and businesses of Fire Island are alarmed at the request Verizon has presented before the Commission, and believes that approving this petition will inflict negative consequences for rural and hard-to-serve communities and consumers including the loss of affordable and reliable basic telephone service, which is the only form of communication many remote and poor communities can access. The petition also seeks to eliminate consumer protections that have made it possible for rural and hard-to-serve people to access telecommunications services such as Section 214

Requirements; reverse our commitment to Universal Service; endanger our national public safety; and fuel a divest-from-rural-trend that will disadvantage our national economy and global competency. If approved, this petition will send a clear message to rural people signaling that the interests of telecommunications corporations that have long ignored them are more important than upholding the right of all people to accessible, affordable and reliable communications services. We simply cannot allow that to happen.

The latest pronouncements on future directions in broadband service strategies attest to how unnerved industry leaders have become in their efforts to keep shareholders happy as old business models come unraveled.

In the eyes of some observers plans taking shape at major telcos and cable MSOs raise a strong possibility that short-term benefits to the bottom line may come at grave costs to the general welfare of an information-driven economy. Decision makers respond they have little choice but to take action in response to changes in their financial prospects that have set off alarms on Wall Street.

But, regardless of the impact on the country's economic wellbeing, there's reason to question whether these moves are really in the long-term interests of the companies themselves.

With wireline voice and broadband customer attrition rates at record levels, both Verizon and AT&T have signaled (not so subtly) they want to abandon use of all-copper DSL plants in urban and rural markets alike without committing to more aggressive build-outs of their next-generation fiber-rich access networks. Verizon, in the midst of a big copper plant selloff, is looking to its LTE mobile plant as the replacement for broadband access in rural areas. AT&T remains uncertain as to its alternatives after weighing the sale of its copper-based holdings over the past few months.

Meanwhile, leading cable operators find themselves under less competitive pressure than ever, not only because of the looming DSL retrenchments but also in light of their new cross-promotional and proposed wireless partnerships with Verizon Wireless. Given cable operators' growing reliance on broadband revenue as a firewall against ROI falloff, the situation creates an environment conducive to rate inflation that could impede market expansion and the long-term benefits that might accrue with higher broadband penetration.

The depth of the conundrums and uncertainties at Verizon have been on vivid display at recent investor conferences. In June 2012, Verizon Communications chairman and CEO Lowell McAdam told a Guggenheim Securities gathering (**see attachment 1, above**) that "LTE is the big engine for us" and that video over LTE "is going to be the cornerstone of the changes and the future of the business."

That's why, he added, "this relationship with SpectrumCo [the cable MSOs] is important to us."

Of all the new growth areas, including cloud service, machine-to-machine and security services, that Verizon is counting on to "compensate for some of the falling off of copper-based services like DSL and voice...I think the video piece will have a much steeper ramp to it, especially if we go forward with the SpectrumCo arrangement," he said.

McAdam acknowledged the departure from the way things have always worked in the highly competitive cable-telco market was hard to accept in some quarters. "It is interesting that a lot of people have said, well, I can't believe you're going to partner with them," he said. "You are not going to use their Wi-Fi are you? Well, of course, we are."

Along with off-loading traffic, a big part of the SpectrumCo deal is the cable operators' promotion of Verizon Wireless to their customers and, depending on future dealings, the possibility MSOs may leverage the mobile network on a wholesale basis through MVNO (mobile virtual network operator) agreements with the carrier. With the LTE network tying everyone's services together, the goal is to offload as much traffic to the fixed networks as possible, whether FiOS or someone else's, McAdam noted.

"I don't expect anybody to sit in their home watching video over LTE," he said. "I want them to be able to watch it on their tablet anywhere in the house using the Wi-Fi network. And the same thing, if you are around the city and there is a Wi-Fi hotspot, we are happy to have you offload onto that."

Noting he expects approval of the SpectrumCo deal from the FCC and Department of Justice by summer's end, McAdam stressed what the deal will mean to the bottom line if Verizon can give FiOS and cable customers alike a seamless video-rich experience wherever they are. "Think about if you could take, whether it is your e-mail, whether it is your DVR content, whether it is streaming sports, whether it is being able to do a video from your car to your home or to your PC or whatever," he said. "You [could] tie every device that you have that has a screen on it together and seamlessly be able to take the content back across it."

"I mean customers will flock, I think, to a service like that. So that probably dwarfs anything else that we would do from a top-line revenue growth."

Under these conditions the old wireline infrastructure becomes dispensable, allowing Verizon to accrue major operational cost savings to the bottom line even if it cedes fixed broadband coverage to other providers. "[T]he vision that I have is we are going into the copper plant areas, and every place we have FiOS we are going to kill the copper," McAdam said. "We are going to just take it out of service, and we are going to move those services onto FiOS."

He continued: "And then in other areas that are more rural and more sparsely populated, we have got LTE built that will handle all of those services, and so we are going to cut the copper off there. We are going to do it over wireless. So I am going to be really shrinking the amount of copper we have out there....[W]e can grow the top line through FiOS, and we can leverage the cost efficiencies on the network side. So margins can improve."

The upshot of the "exponential leap" to LTE is that Verizon will not be positioned as "your cell phone provider" but rather as "your network provider wherever you are," McAdam said. "[I]f I know that I can do everything I want in my car that I can do in front of my TV set or my PC or on my tablet, I think it just takes away a lot of the restraints."

But, despite the positive spin McAdam put on the carrier's position, there's an air of desperation to a strategy where these factors are the dominant facts of life:

▪ Economic justification for fiber-based expansion has hit a wall even as a vast DSL infrastructure is viewed as disposable. Verizon, rather than building out to more than 18 million homes as expected two years ago or even more as expected earlier, has slowed FiOS construction to where only 14 million homes have access to the service and only another three to four million are slated to be passed by fiber under existing video franchise commitments, leaving huge regions, including the cities of Boston, Baltimore and Buffalo, without fiber service.

▪ McAdam said that by eliminating DSL in fiber-served areas the carrier will try to bring DSL broadband customers onto the fiber plant. But over time the primary broadband option for DSL customers in non-fibered areas of its incumbent footprint will be cable or LTE, unless the company commits to new fiber builds. McAdam cited union contracts as a key gating factor on any such decision, but didn't say whether a relaxation in union rules which currently force antiquated copper-based maintenance and personnel costs on fiber areas would lead to fiber expansion.

▪ The ability to leverage the video potential of LTE while gutting DSL depends on cooperation from regulators at the state and federal levels. While the FCC and DoJ have approved the SpectrumCo deal, McAdam was far less upbeat when speaking about the regulatory environment in general. "I do feel right now the pendulum has swung a bit more to the regulators putting their thumb on the scale, and we don't like that," he said. "We think we ought to let the market do that."

▪ At the state level, Verizon has gained freedom in Florida, Virginia and Texas to have the flexibility to "start to sunset some of the older technology," he said. However, New York and New Jersey regulations "are frankly pretty backward compared to the rest of these states, so we have got some work to do there."

▪ Ultimate bottom-line success depends on a partnership with competitors and the willingness of consumers to accept higher prices. Speaking of the seamless video-everywhere vision on which the envisioned upside greatly depends, McAdam said, "Is it going to cost them [consumers] more money? Yes, but it will probably shift their wallet spend from other things that they do individually into this sort of a bucket of gigabytes. And so I think it will be a significant stream for us." And at a 2013 Verizon Communications' Management Presentation at Nomura Global Media & Telecom Summit (http://finance.yahoo.com/news/verizon-communications-management-presents-nomura-194203236.html;_ylt=AwrNUbKPEahRE2cANzn_wgt), Francis Shammo, Executive Vice President and Chief Financial Officer had the following conversation with the Nomura Securities analyst:

> Mike McCormack – Nomura
>
> You touched on the copper to fiber to migration. One of things that we have been surprised at, is just the number of homes out there that are making that move. I have always thought going out and putting an OMT in the side of the house was not paying you a lot of money, it doesn't have a great return. But there is obviously things back in the network that you are getting paid for, or cost savings. I guess, you could talk about that and where, a broader discussion of where wireline margins can go. We have heard for a decade the struggle of, we are going to get better, we are going to get better. And we all hope for that, but

it just seems to be stagnating. So is there a lever, obviously, economy, enterprise, all that stuff, but from a consumer standpoint, what's the lever that you are trying to margins on?

Francis Shammo

So let's talk about copper to fiber migration right now. So, obviously, what we have looked at is, as we have build out these 18 million homes passed and we have a number of copper properties still in those 18 million homes. That doesn't make sense just for us to continue to maintain these two networks. So we have gone out and we had attacked the high troubled areas first and have gone in, and have moved those customers to fiber. And the benefit we get there is as we do this, it really cuts down on the amount of repair that we have to do. The side benefit of doing it though is what we are seeing is, once we put that OMT on the side of the house and give you voice and give you the basic speed of FiOS, after a couple of months they are choosing to buy up in the speeds because now they are realizing this unbelievable fiber product that they have on the side of their home. So they are buying up into those tiers and we see that most people are buying up to the 50 megabit plan.

Then what happens is, six to eight months after that, you then market it to them because what we found is you can't do it too soon because then they think they are being gamed somehow. So six to eight months later, you start to approach them on, hey, by the way we think we can save you money on your cable bill by taking FiOS TV. And what we are seeing is, about a 35% to 36% take rate now on those copper customers who just had voice and DSL, once them come over within a year, they become a triple play on FiOS. So there is a lot of benefits doing this. It's benefit to the customer, but then it's also a backroom benefit to us that we can start to take out this copper network that is really deteriorating. You really can't -- there is no financial way to keep this thing running. So we have to get away from those copper networks. And obviously with the unfortunate event of Sandy, it really accelerated Lower Manhattan into that fiber conversion.

So from that perspective, it's a strategy that we are really pushing hard on and you can see coming out of the first quarter we really accelerated the number that we did and we are going to continue that through the year. Now, as far as wireline margin, given the events of this year, I said that we will probably be flat. But based on what I see right now, the margin will start to increase in '14. And a lot of that's around, it's the macroeconomics around enterprise, but it's also around the pressure that we are seeing from some of these startup things that we are doing. Redbox, VDMS, Hughes Telematics. So some of these things that we have been invested in, are negative to wireline right now. They will turn positive in '14, so those start to contribute. I also see that as we went through the union contract negotiation, we said that there would be about $500 million benefit over the life of this contract. But some of this benefit is taking time to get to.

So an example of that is, we got call sharing for the first time. But in order to do call sharing among all of our call centers, you have to take the reps offline and train them on all the different states that they will get calls from. Whereas before a rep only was trained in their state and only had to deal with their state. So in essence, the cost structure actually increases in the short-term because you have to take people offline to train them. But what we see is, that the efficiency of that will start to come later this year and into next year. So there is a lot of things that we are gaining momentum on, that I feel pretty good. And I know you are a little bit pessimistic on me right now, Mike, about the wireline margin improvement. But I feel pretty good that I think we will start to see signs in '14, increasing the margin.

Mike McCormack - Nomura

And then you and I talked about this a month or so ago, but in the non-FiOS markets, what's the strategy there? It seems like it's, I don't want to call this slow death but is there an outcome there that can be more stable than a real negative scenario.

Francis Shammo

This is a difficult one. Because where we don't have FiOS, obviously, the copper in some areas is performing okay, in other areas is not. And obviously this is right for cable to take share which they are. But what we have come out with is, we are coming out with some different products obviously. If you look at the situation, just recently out on Fire Island where the entire network got destroyed. It doesn't make sense for us to rebuild the copper network. It doesn't make financial sense to invest fiber to the Island. So what we are doing is, we are coming in with a solution that says, we will give you voice over LTE in order to replace that technology and we are working with the regulators and so forth to make that happen.

And that's really where we have to go here. Because there is a different solution rather than building infrastructure to some of these, what I would call more rural areas. And it's really with using the LTE technology, the Fusion technology from a broadband perspective. And we still have some work to do with regulators but we are making headway here and I think that's the route that we will take.

Mike McCormack - Nomura

So thinking about AT&T's Project VIP and rolling out IP DSLAM to a more broader audience, is that a solution if you consider, or it's just not a great return for you guys.

Francis Shammo

No, I think we made our bet on fiber to the home and we have done that. And outside the FiOS footprint at this point I think we are going to concentrate mainly on giving them a solution for voice and data. No, we are not going to take that strategy.

In a 2013 Verizon Proxy Statement, Verizon cited the following fact as evidence of its successful FiOS roll-out:

> "Expanding FiOS penetration to 33% for the video service and 37% for the Internet service and exceeding our target for migrations of residential customers from our legacy copper network to our fiber network." **(see attachment 2 above, on page 5)**

What this comments is saying about Verizon's FiOS footprint is that they have 33% penetration of customers using the service, which means that they only have 14.1 million homes passed with FiOS, but only have 4.7 million customers in their 13 state they do business in. This contradicts other press statements by Verizon --- as they tell everyone they have 18 million but some of that don't offer TV. And when this statement was made about 'households passed, it was based on Verizon also have 3 other states -- Maine New Hampshire and Vermont -- so they sold off the more rural areas, but kept the 18 million target.

Verizon doesn't provide the total number of 'locations' which would include the small businesses in this number nor even total households and 'passed' can mean -- a few blocks away and not 'households' -- the New York City Franchise was worded to make sure it wasn't 100% completed with household but 'passed. (See http://www.fiercetelecom.com/story/verizons-shammo-doubts-google-fiber-will-build-fios-areas/2013-05-30.)

To date, Verizon has 18 million homes passed with FiOS and 5 million customers, meaning that there are still a lot of new households and businesses that could subscribe to the FTTP service.

"It really isn't about opening more for sale; it's about penetrating what we have open for sale," Shammo said. "We'll continue to fulfill the obligations we have." (Verizon's Shammo doubts Google Fiber will build in FiOS areas.)

Moreover, this is now about force-feeding FiOS by forcing customers off of copper -- especially removing 'DSL' customers.—which has been going on for awhile. For example, on Verizon's official customer forum cite (http://forums.verizon.com/t5/High-Speed-Internet-DSL-and-Dial/Attempting-to-force-DSL-users-to-change-to-FIOS/td-p/479121) is the following posting:

> **Attempting to force DSL users to change to FIOS?** 09-10-2012 06:17 PM
>
> For the past several weeks I have been having intermittent DSL outages, and they seem to have gotten worse as time goes on. Over the Labor Day weekend, I had no connection for more than half the time. I even went as far as to take the modem outside to the network interface box, and connect it directly, ruling our any issues with the home wiring.
>
> I finally braced myself and called for service. The first five (yes five) attempts to reach someone ended with the automated system cutting me off. I finally was able to reach a human after refusing to deal with

> the automated system, and continually saying the word "operator" until the system connected me to a human.
>
> After giving the woman my information, she put me on hold for a few minutes, and told me that they were having problems with the DSL in my area. The solution to the problem (according to her) was for me to "upgrade" to FIOS. When I made it quite clear that I had problems with the idea of the FIOS, one of the main ones being that I do not like that I am required to provide electrical power for the phone system, I also have to maintain the battery backup system, and in the event of a power failure (very common in my area, sometimes lasting for several days at a time) would have no phone along with no power at my home.
>
> She tried to tell me that the system did not use that much electricity (no matter how much or how little I would be the one paying for it, not her or Verizon) and that she had never had a problem with no phone service at her home. When I asked her when was the last time she had a power failure at home, she stated that she could not remember as it was long ago.
>
> I also do not want to have to waste a day while they come and install the FIOS, losing a day's worth of work and having my home disrupted by the installation
>
> After it became clear that she was not going to be able to sell me on the "upgrade" she then said that she would transfer me to service, but they would not be able to do much seeing as they were not going to do any upgrades on the existing copper lines. After being transfered and sitting on hold again waiting for service, I once again was cut off.
>
> Amazingly, the next day my DSL returned to working fine the next day. When I left my home that morning, I noticed that one of my neighbors was having FIOS installed. I tend to think that they fell for the sales pitch. My DSL worked well for almost a week, and this morning I again had a 3 + hour outage (I have no idea how long it was, I had to go and use a public connection to get done what needed to be done today.
>
> I know that no one will admit to this, but I have to believe that Verizon is cutting off service in order to push people towards the fiber. I see no reason to spend the time and money to do so, when Verizon right now is not providing the service that I pay for. If I have to switch services, why deal with a company that provides such poor service now?

I also provide the following attachments **(above, attachments 3-10)** -- Transcripts of Verizon Investor Analyst Conference Calls with Verizon CEO McAdam, Congressional questions of Verizon regarding their new strategy, and Verizon Industry Analysis of Verizon under McAdam.

The debate over Voice Link on Fire Island has brought to the light of day fundamental elements of the universal service debate. Consider for example this quote from a recent New York Times article:

> In densely populated spots, like New York City and its suburbs, Verizon has been laying fiber-optic cables with hopes of inducing customers to accept a bundle of services that includes high-speed Internet connections, TV and video. But in rural locales, the potential gains from laying those cables are too small to justify the costs. So when copper wires fail in those areas, Verizon would prefer to switch the customers to a wireless network via Voice Link.

Now, it's not clear that Verizon won't also one day include these areas in its LTE coverage. But, setting aside the discussion of whether LTE service would be reasonably comparable to FTTH or FTTN, let's consider whether the (apparent) cost-driven considerations of Verizon in this instance indicate the firm's long-range plans of broadband deployment to those areas. This 2009 presentation to the FCC finds roughly comparable costs for deploying 4G LTE and FTTH in Gordon, Neb. Presumably, the material costs are roughly the same across the country (the cost of land in New York for locating towers may, in fact, be higher). So, if a firm seeks to avoid the high costs of replacing or rehabilitating its wired network with fiber, it is not altogether clear whether it would achieve any savings by opting to deploy 4G LTE – leaving the lower cost option of a Voice Link-type service.

The story, without the cable connection, is similar from the AT&T side. The company says it has ended expansion of its U-verse network at 30 million homes passed while sending various signals as to what it plans to do with its "obsolete" all-copper DSL access links passing about 15 million homes and another five million copper lines running at distances too long to support DSL.

In various appearances, AT&T CEO Randall Stephenson made it clear that all options are on the table, including sale of the plant and reliance on LTE to reach customers who don't have a fixed service option. He also voiced hope that new packet-based DSL technology might allow the company to use those networks to deliver broadband services at lower operating costs. And sources report the company has also looked at a combination DSL/Wi-Fi access solution.

Selling off the networks has proved difficult owing to regulatory hurdles that have to be cleared on a state-by-state basis, Stephenson said at a Sanford C. Bernstein conference in June, although he indicated a final decision as to whether to sell or upgrade the networks was yet to be made. Possible upgrades using IP DSLAMs (DSL access multiplexers) were proving less costly to deploy than anticipated, he noted IP DSL eliminates the need to convert signals from the old ATM (asynchronous transfer mode) platform, making it easier and cheaper to provide Web-based video and other IP services to customers. Speaking at a JPMorgan conference in May 2012, Stephenson was widely quoted as saying the new approach to DSL might lead to "a better revenue profile than perhaps we would have thought two years ago." He added, "We are giving this a hard look."

The following comments discuss why the Verizon petition is detrimental to rural and hard-to-serve people, and explains the reasons for which it should be denied. Most importantly, these comments present recommendations for the Federal Communications Commission about what it *can* do to support broadband deployment, infrastructure, and advancement of Universal Service for all.

Traditionally, State utility regulators have applied the "prudent investment" test to determine the extent of consumers' recovery of its investment.. The prudent investment test has been recognized as a valid basis for determining utility rates. The United States Supreme Court recognized the test in its discussion in Duquesne Light Co v Barasch, 488 US 299, 309; 109 S Ct 609; 102 L Ed 2d 646 (1989). The Court traced the test to a 1923 decision, Missouri ex rel Southwestern Bell Telephone Co v Public Service Comm of Missouri, 262 US 276, 291; 43 S Ct 544; 67 L Ed 981 (1923). As described in Duquesne, under the prudent investment test a utility is compensated for prudent investments at their actual cost when made, regardless of whether the investments proved to be necessary or beneficial in hindsight.

Prior to the Telecommunications Act of 1996, Pub.L. No. 104-104, 110 Stat. 56, incumbent local telephone companies enjoyed a natural monopoly. The high fixed costs of recreating a local telephone network, including running wires to each home and business in a community, together with the low marginal cost of operating a pre-existing network gave incumbents "an almost insurmountable competitive advantage ."Verizon Commc'ns, Inc. v. FCC, 535 U.S. 467, 490, 122 S.Ct. 1646, 152 L.Ed.2d 701 (2001). To combat these monopolies, the 1996 Act mandates that incumbents share their network with competitors at cost-based rates. See id. at 489, 122 S.Ct. 1646; AT & T Corp. v. Iowa Utils. Bd., 525 U.S. 366, 371, 119 S.Ct. 721, 142 L.Ed.2d 835 (1999).

The FCC created a particular set of regulated rates called "Total Element Long Run Incremental Cost" (TELRIC) rates. Thus, "unbundled" means "regulated," which means "at TELRIC rates." See Verizon Commc'ns, Inc. v. FCC,535 U.S. 467, 531, 122 S.Ct. 1646, 152 L.Ed.2d 701 (2002) (citing AT & T Corp. v. Iowa Utils. Bd.,525 U.S. 366, 394, 119 S.Ct. 721, 142 L.Ed.2d 835 (1999)) ("Bundling is about lease pricing. To provide a network element `on an unbundled basis' is to lease the element, however described, to a requesting carrier at a stated price specific to that element."); see also USTA v. FCC (USTA II), 359 F.3d 554, 561-62 (D.C.Cir.2004)(discussing "unbundling requirements").
As part of this sharing obligation, incumbents must lease certain elements of their network to competitors on an "unbundled"—a la carte—basis and must do so at cost-based rates. 47 U.S.C. § 251(c)(3), (d)(2). That allows a competitor to connect its network with other phone networks, to provide enhanced services to its customers or to expand its network so it can reach a broader potential customer base. See id. § 153(29);Triennial Review Order,18 F.C.C.R. 16978 ¶ 59 (2003); 47 C.F.R. § 51.319(a). The upshot of this duty is that, if a competitor wishes to offer phone service to everyone in a given community without incurring the up-front costs of running its own wire to each potential customer, the Act and implementing regulations facilitate the entrant's efforts by requiring the incumbent to offer these services on unbundled terms and at cost-based rates.

The Act imposes a related, but narrower, sharing obligation, one that also must be provided at cost-based rates. Incumbents must "provide ... interconnection with [their] network" to competitors so customers on one network can seamlessly call customers on the other network. 47 U.S.C. § 251(c)(2);see id.§ 251(d)(1); 47 C.F.R. § 51.5 (defining interconnection as the "linking of two networks for the mutual exchange of traffic"); FCC Br. at 4. In the absence of this obligation, no rational consumer would switch from the large incumbent to the competing entrant, at least without a steep discount. Who wants a local phone service that connects customers to just a handful of other individuals in the community? See Verizon Commc'ns, 535 U.S. at 490, 122 S.Ct. 1646. By requiring cost-based rates for this service, the Act ensures that incumbents do not charge competition-dampening rates for interconnection, a not insignificant risks given that entrants need interconnection more than incumbents do.

In elaborating on § 251(c)(2)'s duty to "provide ... interconnection," the FCC's regulation says that incumbents must provide "any technically feasible method of obtaining interconnection" at cost-based rates. 47 C.F.R. § 51.321(a). Entrance facilities come within the ordinary meaning of a "technically feasible method of obtaining interconnection." They are "designed for the very purpose of linking two carriers' networks." Ill. Bell Tel. Co. v. Box, 526 F.3d 1069, 1072 (7th Cir.2008). And that is how competitors use them—to bridge the gap between their network and an interconnection point within the incumbent's network so that the two networks can mutually exchange traffic. See U.S. Telecom Ass'n v. FCC, 359 F.3d 554, 586 (D.C.Cir.2004).

In providing illustrative examples of an incumbent's interconnection duties in § 51.321, the FCC confirms that the regulation uses the phrase "method of obtaining interconnection" in its ordinary sense—one that applies to entrance facilities. One example says that incumbents upon request must interconnect with competitors through meet point facilities, see 47 C.F.R. § 51.321(b)(2), which requires the incumbent and competitor to build transmission facilities from their respective networks to a designated meet point and to link the two transmission facilities together at that point "for the mutual exchange of traffic," Local Competition Order, 11 F.C.C.R. 15499 ¶ 553 (1996). An incumbent's portion of a meet point facility, it turns out, is merely one manifestation of an entrance facility, as entrance facilities are "the transmission facilities that connect competitive LEC networks with incumbent LEC networks." See TRRO ¶ 136. Another example—dealing with collocation, which is installing and maintaining equipment for use solely by the competitor at an incumbent's physical facilities, see 47 C.F.R. § 51.5-also shows that an incumbent's duty to provide methods of obtaining interconnection covers facilities that aid in bridging the gap between two networks. See 47 U.S.C. § 251(c)(6) (mandating that incumbents allow physical or virtual "collocation of equipment necessary for interconnection"); 47 C.F.R. § 51.321(b)(1).

The Triennial Review Remand Order does not undermine the FCC's position. The TRRO represents the FCC's fourth attempt to promulgate valid unbundling regulations, see Covad Commc'ns Co. v. FCC, 450 F.3d 528, 531 (D.C.Cir.2006), and it aims to satisfy the D.C. Circuit's concerns in setting aside the FCC's previous unbundling regulations, see TRRO ¶¶ 1-4, 13, 19-20. Nearly a quarter of the order clarifies the FCC's overarching unbundling analysis and not one paragraph discusses how the FCC analyzes interconnection obligations. See id. ¶¶ 20-65.

The one section that mentions entrance facilities confirms the TRRO's focus on unbundling, not interconnection. The section analyzes whether competitors would be "impair[ed]" without unbundled access to entrance facilities under § 251(c)(3), and it concludes that they would not be. See TRRO ¶¶ 136-41; see also 47 U.S.C. § 251(d)(2). Yet, as the FCC points out, an impairment analysis has no role to play under § 251(c)(2), see 47 U.S.C. § 251(d)(2); FCC Br. at 16, and the FCC has never, to my knowledge, considered impairment when analyzing an incumbent's interconnection obligations. See Ill. Bell, 526 F.3d at 1072 (noting that whether an incumbent can charge market-based rates for interconnection "is not related to the scope of an [incumbent's] obligations under § 251(c)(3) to furnish unbundled network elements"). It would be surprising, then, if the TRRO exempted entrance facilities from the pre-existing obligations of 47 C.F.R. § 51.321(a) through a novel analysis without comment.

The TRRO's sole mention of interconnection in the context of entrance facilities instead sounds a cautionary note: No one should read the FCC's categorical unbundling analysis under § 251(c)(3) as affecting incumbents' interconnection duties under § 251(c)(2). See TRRO ¶ 140 (stating "our finding of non-impairment with respect to entrance facilities does not alter the right of competitive LECs to obtain interconnection facilities pursuant to section 251(c)(2)"). This cautionary note makes perfect sense if, as the FCC and both courts of appeals to address this issue have concluded, entrance facilities used for 390 interconnection fall within § 251(c)(2)'s interconnection obligation. See Ill. Bell, 526 F.3d at 1071-72 ("What the FCC said in ¶ 140 is that [incumbents] must allow use of entrance facilities for interconnection at `cost-based rates'."); Sw. Bell Tel., L.P. v. Mo. Pub. Serv. Comm'n, 530 F.3d 676, 684 (8th Cir.2008).

The regulations promulgated by the TRRO, moreover, discuss only unbundling obligations. They say that "in accordance with section 251(c)(3)"—the provision imposing the unbundling requirement—an incumbent "is not obligated to provide a requesting carrier with unbundled access" to entrance facilities. 47 C.F.R. § 51.319(e) (emphasis added); see also TRRO 20 F.C.C.R. at 2682. This speaks only to an incumbent's unbundling obligation, not its narrower, independent duty to "provide ... interconnection" under § 251(c)(2).Section § 251(c)(2) requires incumbents to "provide ... interconnection" "at any technically feasible point within [its] network." 47 U.S.C. § 251(c)(2) (emphasis added); see also Local Competition

391 Order ¶ 209 (stating that § 251(c)(2) allows competitors "to select the points in an incumbent['s] ... network at which they wish to deliver traffic"). And in the absence of this premise, there is no workable way to distinguish between these two supposedly distinct and mutually exclusive types of facilities.

In FCC 10-36 (http://www.isg-telecom.com/articles-ads/FCC-03-36A1.pdf) Sections 281-284 dealt with Retirement of Copper Rules. In the *Triennial Review Order* (TRO) (Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Development of Wireline Services Offering Advanced Telecommunications Capability, 18 FCC Rcd 16978 (2003) (TRO)) the FCC declined to adopt any rules to prohibit the ILECs from retiring copper loops or subloops that they have replace with FTTH loops. (*121d* at~ 281.)The FCC explicitly left open for state commissions " to evaluate whether retirement of copper loops complies with state legal or regulatory requirements": Section 284 of the TRO states:

> **"As a final matter, we stress that we are not preempting the ability of any state commission to evaluate an incumbent LEC's retirement of its copper loops to ensure such retirement complies with any applicable state legal or regulatory requirements. We also stress that we are not establishing independent authority based on federal law for states to review incumbent LEC copper loop retirement policies. We understand that many states have their own requirements related to discontinuance of service, and our rules do not override these requirements. We expect that the state review process, working in combination with the Commission's network disclosure rules noted above, will address the concerns noted by Corning and others regarding the potential impact of an incumbent LEC retiring its copper loops."**

As you know, the New York State Department of Public Service has extended its Public Comment period through September 3, 2013 after receiving more than 400 Interested Party Comments – unanimously objecting to Verizon's Voice Link tariff exemption petition. And objections to a statewide Verizon Voice Link roll-out are supported by numerous filings by the New York State Attorney General, more than 80 elected State officials, and other Official Parties.(Please see: 13-C-0197 - NYSDPS-DMM: Matter Master.)

In a Public Service Commission of Maryland action against Verizon **(see attachment 11, above)** (Case No. 9123, In the Matter of the Commission Inquiry into Verizon Maryland Inc.'s provision of Local Exchange Service over Fiber Optic Facilities, Reply Memorandum on Appeal of the Office of the People's Counsel), Verizon was specifically chastised for misrepresenting Section 284 of the TRO:

> Verizon only presents a portion of the FCC's statement in the TRO on the authority of states to review ILEC copper loop retirement policies. By failing to quote the entirety of section 284 of the TRO, Verizon creates an impression of certitude on the FCC's part regarding its primacy over the issue of copper retirement loops... This more complete reading of section 284 reveals the more circumspect approach taken by the FCC to the retirement of copper loops question. Despite Verizon's assertions to the contrary, the public interest requirements are not exclusively determined by the FCC....Furthermore, in its refusal to acknowledge Commission authority over this matter, which has not been preempted by the FCC, Verizon avoids considering that the Commission already has regulations in place which deal with the type of circumstances contemplated in the TRO of retirement of copper facilities. ...The regulations cover notice to the Commission of the cessation of service to customers of a carrier, to customers themselves, to the Administrator and to underlying providers of a utility.

NEGATIVE CONSEQUENCES OF VERIZON'S PETITION

Loss of the Most Accessible and Reliable Communications Tool in Rural America: TDM-Based Telephone Service

As residents of Fire Island, we know the importance of having access to all forms of communication, including basic telephone service. Access to communication is a fundamental human right that must be upheld across all communication tools. As communities that have historically experienced lack of access to communications, we know that lack of basic telephone service isolates people.

The petition Verizon submitted asks the Commission to conduct "trial runs of the transition to next-generation services, including the retirement of time-division multiplexed facilities and offerings and their replacement with IP-based alternatives."

By requesting to retire TDM-based services, Verizon is essentially asking the FCC to shut down the most accessible and reliable communications tool in rural America. Internet Protocol-based voice services necessitate high-speed Internet connectivity, which is not currently available to at least 14.5 million rural people. Thus, if voice services become *only* IP-based, then millions of rural people risk an **absolute** loss of communication.

Verizon's proposed "trial runs" put at risk the ability to communicate of all people living in the "select wire centers" they identify, even if "Incumbent Local Exchange Carriers elect to participate." As public servants responsible for safeguarding the right to communicate of all Americans, the Commission cannot permit these trial runs, especially since there is no way that any current or future customer in these select wire centers can opt-out of the loss of TDM-based telephone service. These trial runs are a forced migration to a technology that is more expensive, unreliable, and often unavailable. Some may have the option of switching to a wireless service; however, such services are more expensive and are unavailable in many rural and hard-to-serve areas. Even those areas that carriers claim to serve are often unable to use wireless devices indoors. Furthermore, the Commission cannot create an environment where customers are stripped from their legal right to obtain the specific service they already paid for simply because a telecommunications provider decided to discontinue that service.

Verizon's petition also makes a dangerous assumption in considering IP-based voice services adequate "alternatives" to TDM-based telephone service. To be clear, IP-based voice services are **not** comparable to basic telephone service. Because millions of people lack access to high-speed Internet, IP-based voice services are currently unavailable to them and cannot even consider said service as an option, much less an "alternative." This very lack of fixed broadband access in rural and hard-to-serve communities makes any IP-based voice service unreliable, especially if the only access to the IP-based voice service is over a wireless network. It is common knowledge that wireless networks, like the ones that Verizon would use as "alternatives" to fixed networks, are currently fickle and unreliable, particularly in rural and hard-to-serve areas. Thus, a service that depends on a network that is not available or unreliable is only an empty promise and by no means an alternative. By comparison, TDM-based telephone service is nearly ubiquitous and reliable. Rather than assuming TDM may be phased out because of other options, the Commission must ensure that possible alternatives first be in place to all, affordable and fully reliable, before considering any change in policy.

In addition, IP-based voice services, monthly plans, and their devices, are more expensive than basic landline telephone service. In rural areas, lack of competition in the wireless and fixed-broadband markets make IP-based voice services more expensive and more difficult for low-income rural families to afford. Further, IP-based voice services are often unavailable as stand-alone services and offered *only* in bundled packages, which forces a family to pay more for additional services they may not need, want, or afford.

Finally, TDM-based landline services are generally unlimited. Verizon's petition states that the company will offer wireless communications alternatives to customers living in particularly high-cost areas. The Commission cannot ignore the fact that a 4G LTE monthly cellular phone plan has a limited amount of minutes for use and that if a family needs more time they will have to pay more, while TDM-based local telephone service is unlimited and thus more affordable for a family.

Without TDM-based telephone services, rural and hard-to-serve people will be cut off from the communication that is most affordable, available and reliable to them. They will be cut off from economic and civic participation and disconnected from the safety guaranteed by our nation's emergency service network. We applaud the expansion of IP-based voice services *in addition* to the invaluable TDM-based telephone services most of rural and hard-to-serve people already enjoy. We firmly believe that IP-based voice service expansion does not have to take place at the expense of basic telephone service.

Reverses Our Commitment to Universal Service

Since 1936, our nation has proudly upheld Universal Service, the principle to advance telecommunications services to the least served including those in low-income, rural, insular, and high cost areas. It is our commitment to Universal Service that created the Universal Service Fund and has led to 97 percent telephone access across the country.

However, the work is not done. 67 percent of Tribal communities still do not have access to a landline, and close to 11 million people depend on the USF Lifeline program to be able to afford this basic communication tool. These figures indicate that the regulations designed to advance Universal Service are still needed now for basic telephone service, and given their success, should be our regulatory base for universal broadband service.

In spite of the success of Universal Service regulations and of the millions in federal and state subsidies that Verizon has leveraged from them, Verizon's petition requests the Commission to completely eliminate them. Specifically, Verizon asks the Commission tc no longer require Incumbent Local Exchange Carriers to obtain Section 214(a) Approval to stop providing legacy wireline services; prohibit carriers that do provide legacy wireline services and their customers from demanding said service or interconnection in TDM format; prohibit current and new customers from demanding legacy wireline services and forcibly switch them to an "alternative service;" and preemptively prohibit similar regulation of

Internet Protocol services that would advance broadband Universal Service. Verizon's requests are directly in opposition to our national commitment and the Commission's responsibility to advance Universal Service of telecommunications. Simply put, with this petition, Verizon seeks a no-regulation pass to conduct business as it pleases and prioritize its profits, not the public interest. Now more than ever, as our communications technologies evolve and high-speed Internet access is designated as a basic human right (Human Rights Council, Twentieth Session Agenda Item 3. United Nations, General Assembly. June 29, 2012), we need to look up to the regulations that have helped us advance Universal Service. Eliminating regulations that increase access to advanced telecommunications nationally and address the needs of the least served is the wrong moral and economic decision. We cannot allow the United States to become the first industrialized nation to backtrack in our commitment to 100 percent access to basic communication. And we cannot sacrifice valuable policies that have helped us become a global leader. Verizon's request effectively reverses our Nation's commitment to Universal Service, and for this very reason, we respectfully ask the Federal Communications Commission to deny their petition.

Eliminates Consumer Protections

97 percent of our country has access to basic landline telephone service, and America boasts 87 million residential telephone subscriptions.(*Eight Broadband Progress Report,* Federal Communications Commission. August 24, 2012). These impressive accomplishments are possible thanks to federal regulations and state regulatory entities that protect consumers.

For example, Basic Local Exchange Service (BLES), or basic telephone service, is the simplest form of telephone service and allows customers to make and receive unlimited local calls at a flat, monthly rate. This monthly rate is capped, in an effort to provide all consumers access to affordable telephone service.(SB 271 Consumers may face Higher Telephone Prices and Reduced Service Quality," Consumer's Fact Sheet, Office of the Ohio Consumers' Counsel. Can be found at http://www.pickocc.org/lservices/sb271-telecom.shtml) Carrier of Last Resort (COLR) is the requirement that a telephone company make basic telephone service available on a reasonable and nondiscriminatory basis to any customer in its service territory who requests the service.(SB 271 Consumers may face Higher Telephone Prices and Reduced Service Quality," Consumer's Fact Sheet, Office of the Ohio Consumers' Counsel. Can be found at: http://www.pickocc.org/lservices/sb271-telecom.shtml)

BLES providers and Carriers of Last Resort must follow standards that protect consumers. For example, timely repairs of service outages, customer credits when outages are not resolved on time, notification before discontinuing service, reasonable bill payment, prohibition of cramming (the illegal practice of placing unauthorized, misleading or deceptive charges on local telephone bills) and slamming (switching a phone service to a different provider without notifying the customer), and requirement to maintain two weeks worth of electricity back-up to ensure that telephone lines continue functioning during and after a natural disaster, among others. As we have learned from recent natural disasters, consumers need more protections to ensure communications networks continue to function after such events.

Verizon's petition calls for abolishing rules that protect consumers and seeks to strip regulatory bodies, such as Public Utilities Commissions, from being able to enforce them. Verizon goes too far in claiming that the Federal Communications Commission even has the ability to intervene in the decision of a state to protect consumers by maintaining these regulations and extending them to Internet Protocol services.

Approving Verizon's petition will be the first step in a dangerous federal deregulation plan to eliminate consumer protections. Verizon envisions a national deregulated telecommunications environment where companies are allowed to exempt themselves from the minimum service quality standards that currently apply to basic telephone service, and make sure that said standards are not considered for IP-based services.

However, these standards allow rural people to communicate with their loved ones, elected officials, potential employers, medical providers and the society at large. Without these crucial protections, we are putting at risk affordable, quality, and reliable communications for rural and hard-to-serve Americans.

We have seen Verizon and other companies introduce bills that seek to eliminate these protections at the state level. Each bill had a unique approach, but the same goal: to deregulate telephone and broadband services. Each bill also asked for abolishing the ability of Public Utilities Commissions and any other state body to enforce regulations and protect consumers.

Maintaining consumer protections for telephone and broadband services is **not** in conflict with supporting the development of our nation's high-tech leadership, future and economy. In fact, consumer protections are elemental in maintaining a truly robust, profitable, and innovative telecommunications future for all Americans. For these reasons, we respectfully urge the Commission to deny Verizon's petition and refuse to buy into their rhetoric of eliminating consumer protections.

Endangers Our Public Safety

In its petition, Verizon calls for abolishment of regulations that guarantee basic, affordable, wireline service, and encourages the Commission to prohibit implementing such requirements on IP-based providers. Eliminating these protections would not only mean a loss of communication to rural and hard-serve people, but also the loss of reliable, life-saving 911 services.

Verizon's careless approach to deregulation eliminates fundamental services needed by all people to remain safe during community-wide emergencies. Consider the vulnerability of people who will be at risk of not having the tools to communicate, like rural, hard-to-serve, poor, elderly, and Native constituents, especially during a time of need. Take for example the power outage that left about 2.3 million Northern Virginia residents without emergency 911 services for up to four days after a thunderstorm, in part because a Verizon backup generator would not start.("911 failure affected 2.3 million in Northern Virginia," July 11, 2012. Available at http://www.washingtonpost.com/local/911-failure-cut-23-million-off-in-northern-virginia/2012/07/11/gJQAWGuedW_story.html). And, as Hurricane Sandy demonstrated, our current wireless networks, even in New York City (one of the leading metropolises of the world), are not ready to support the emergency-service needs of our nation. News story after news story reported New Yorkers' rediscovery of the pay phone, and whatever public outlet they could access to charge their cellular device. The wireless networks available in New York could not compare to the reliability and accessibility of TDM-based services. And, the short battery life of a mobile device makes it almost instantly unavailable during a power outage, especially if the IP-based network it depends on has no requirements of back-up power either. By contrast, legacy TDM-based networks and wirelines are required to have two weeks of back up electric power so that they can work during and after a natural disaster.

Rural, hard-to-serve and low-income people are already at a disadvantage in accessing resources after a natural disaster. In areas that are spread out and have less disaster relief agencies, having a phone line guaranteed for two weeks after a disaster strikes can make all the difference between life and death. Simply put, the deregulation requests of the Verizon petition endanger our national public safety.

Affordable, reliable, and regulated basic telephone service guarantees connection to emergency and disaster relief communications. As our ability to communicate over IP-based services increases, we encourage the Commission to include the regulations that guarantee access to 911 and prioritize our national public safety.

Fuels a Divest-from-Rural Trend

One of the most pernicious components of the Verizon petition before the Commission is the ultimatum-style demand for deregulation as a requisite for private investment in wireline and wireless networks. Effectively, Verizon's petition is an ultimatum to the FCC: If the Commission does not deregulate, they will not invest. But Verizon's investment decisions are guided first and foremost by its need to succeed in the market. Just as AT&T's claims rang false in justifying the T-Mobile merger, any threats to diminish investment are hollow. Verizon will invest based on its need to compete in a marketplace it regularly claims offers many choices to consumers. If that is true, then an threat by Verizon to stop investing would be fatal to the company. While the FCC might feel pressured to satisfy the demands of Verizon it must be aware that complying with Verizon will come at great cost to rural and hard-to-serve communities. Verizon demands an environment without regulations that fuels a dangerous Divest-From-Rural Trend for other companies to follow.

Last year, Verizon CEO Lowell McAdam told attendees of an investor conference that the company planned to kill the copper in every place where they have FiOS. "We are going to just take it out of service. Areas that are more rural and more sparsely populated, we have got LTE built that will handle all of those services and so we are going to cut the copper off there," said McAdam.("Op-ed: Verizon willfully driving DSL users into the arms of cable," Ars Technica, July 25, 2012. Available at http://arstechnica.com/tech-policy/2012/07/op-ed-verizon-willfully-driving-dsl-users-into-the-arms-of-cable/). Verizon also announced its plans to eliminate rural copper and replace it with a 4G LTE network that they claim will cover the vast majority of Verizon's existing copper footprint. Both Verizon and T&T have led a deregulation agenda at the state level. Verizon's petition before the Commission is part of their strategy to pushing deregulation at the federal level.

While Verizon claims to be interested in investing, its demands to deregulate divest resources, services, and funds that are crucial to the future of rural and hard-to-serve communities. Because of its reliability, affordability, and accessibility, TDM-based telephone service is invaluable to rural and hard-to-serve communities, particularly because it is the only service available for so many.

Further, Universal Service requirements are vital to ensure the participation of rural communities in our economy and democracy, and thus to the success of our nation as a global leader. For these reasons, we respectfully urge the

Commission to deny Verizon's petition since its approval would unleash a deregulation trend that cuts off rural and hard-to serve communities and encourages other providers to also abandon rural America.

SUPPORTING RURAL AND HARD-TO-SERVE BROADBAND CUSTOMERS & PROVIDERS

Fast, affordable, and reliable Internet access is no longer a luxury, but a necessity, especially for rural America. As more everyday activities become available only online -from booking a flight to medical appointments, and job applications to social services – it is evident that broadband is an essential utility for economic opportunity and prosperity.

In order to close the digital divide, policies must support efforts that lower prices, create local jobs, prioritize digital literacy, encourage innovation, increase competition, invest in rural and hard-to-serve communities, and are accountable to these consumers.

CONCLUSION

The residents and businesses of Fire Island are alarmed at the request Verizon has presented before the Commission, and believes that approving this petition will inflict negative consequences for rural and hard-to-serve communities and consumers including loss of affordable and reliable basic telephone service, which is the only form of communication many remote communities can access; eliminate consumer protections that have made it possible for rural and hard-to-serve people to access telecommunications services; reverse our commitment to Universal Service; endanger our national public safety; and fuel a divest-from-rural-trend that will disadvantage our national economy and global competency. If approved, this petition will send a clear message to rural consumers and communities signaling that the interests of telecommunications corporations that have long ignored them are more important than upholding the right of all people to accessible, affordable and reliable communications services. We simply cannot allow that to happen.

For all of the reasons expressed above we urge the Federal Communications Commission to deny Verizon's petition to launch a proceeding concerning the TDM-to-IP transition, allow "trial runs" that put at risk the ability to communicate of all people living in the "select wire centers," and approve careless deregulation demands that only endanger our national economy and telecommunications leadership.

Finally, just as Verizon has been permitted an ex-parte audience with the FCC to discuss and advance its position with FCC attorneys on Docket #13-150 and Docket 13-149 (see attachment 13, above), I request similar consideration.

Sincerely,

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